

Audit Committee's Report to the Board of Trustees



UNITARIAN
UNIVERSALIST
ASSOCIATION OF
CONGREGATIONS

January 17, 2009



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Overview

- Members:
 - Three Independent
 - o Chris Reece – Chair
 - o Ed Merck
 - o Carol Gable
 - Financial Advisor
 - o Dan Brody
 - Trustee
 - o David Friedman
- Two meetings in 2008



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Purpose

- Select External Audit Firm
- Oversee the Annual Audit
 - Review the Financial Statements
 - Any Significant Issues that Arise
- Monitor the Review, Establishment, And Implementation Of Accounting Policies And Internal Controls
- Recommending to the Board of Trustees a Conflict of Interest Policy



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Notable Activities

- Financial Services Group Changes
 - Personnel
 - Processes
- Off Balance Sheet Accounts
 - Issue: Bank Accounts Opened Under UUA Federal Tax ID Not Consistently Reported On Balance Sheet
 - Corrective Action:
 - o Financial Services is responsible for:
 - Appropriate reporting
 - Account oversight and reconciliation
 - Signatory authority (same as other accounts)
 - o Accounts included: C*UUYAN, Group Insurance Plan, Church Staff Finance Accounts



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Notable Activities

- Policies Under Development:
 - Conflict of Interest
 - Whistleblower
- Adopted Resolution to Periodically Rebid External Accounting Firms
- Developed Internal Mechanism to Track Management Letter Responses
- Employee Benefits Trust Health Plan
 - Agreed to assist in selection of prospective audit firms
 - Recommended examination to assess converting ERISA to Church Plan



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Notable Activities

- Recommended Changes to Financial Statement Format
 - Issue: Lack of clarity in reporting of operating and non-operating components of financial statements
 - Corrective action:
 - o Reconfigured Financial Statement Format
 - o Separate operating / non-operating items

Financial Statements



Statements of Unrestricted Revenue & Expenses (p 3)

- Consolidated Expenses into 3 lines
- Operating from Non-Operating

	<u>2008</u>	<u>2007</u>
Increase in unrestricted net assets from operations	<u>586</u>	<u>743</u>
Change in unrestricted net assets	<u>(2,288)</u>	<u>2,585</u>

Financial Statements



Statements of Changes in Net Assets (p 4)

	<u>2008</u>	<u>2007</u>
(Decrease)Increase in unrestricted net assets	<u>(2,288)</u>	<u>2,585</u>
(Decrease)Increase in temporarily restricted net assets	<u>(11,255)</u>	<u>7,388</u>
(Decrease)Increase in permanently restricted net assets	<u>(1,159)</u>	<u>1,846</u>
(Decrease)Increase in net assets	<u>(14,702)</u>	<u>11,819</u>

FY 2008

External Audit



- Clean Opinion
 - “...present fairly, in all material respects, the financial position of the Association...”
 - The supplementary information provided to facilitate analysis
 - o Not required
 - o “... fairly stated in all material respects...”
- Awaiting Finalization Of Management Comments Letter

Looking Ahead



- Policies:
 - Conflict of Interest
 - Whistleblower Policy
- Assist in Selection of Audit Firm for Health Plan (EBT)
- RFP for 2010 Audit
- Continue Monitoring Changes in Financial Services
- Developing Recommendation to Address the Timing of the Audit Committee's Report to The BOT, e.g., move to October / November vs. January